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ABSTRACT

New York State annually provides about \$135 million of magnet school grants for 19 of its 700 school districts. The state's education department audited the 19 school districts receiving grants to determine whether implementation of grants had been adequately monitored and whether goals had been attained for such funding for the period July 1, 1997 through March 31, 2000. Observations and conclusions were that the department's monitoring of magnet grants had not been sufficient. The department failed to identify performance objectives and measurement approaches for magnet goals, properly document its review of magnet grant applications, or conduct school district field visits focusing on the proper administration of magnet grants. As a result, the department had not adequately assessed the effectiveness of school districts' implementation of magnet goals. The audit found that some magnet schools reduced racial isolation dramatically, but others remained about the same or worsened. Magnet expenditures and practices were found to be inconsistent with the department guidelines in six selected school districts. Recommendations include that the department improve magnet-school monitoring, strengthen understanding of the law governing grant use, provide necessary guidance to districts about grant administration, and consider whether new and different initiatives are needed to address the persistence of racial isolation in public schools. Appended are Major Contributors to the Report and Comments of Department Officials. (RT)

State of New York
Office of the State Comptroller
Division of Management Audit
and State Financial Services

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STATE EDUCATION DEPARTMENT
MONITORING MAGNET SCHOOL
GRANTS

REPORT 99-S-39



H. Carl McCall
Comptroller

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State of New York Office of the State Comptroller

**Division of Management Audit and
State Financial Services**

Report 99-S-39

Mr. Carl T. Hayden
Chancellor of the Board of Regents
The University of the State of New York
State Education Building
Albany, NY 12234

Dear Mr. Hayden:

The following is our report addressing the State Education Department's monitoring of magnet school grants.

This audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law. We list major contributors to the report in Appendix A.

*Office of the State Comptroller
Division of Management Audit
and State Financial Services*

December 19, 2000

Executive Summary

State Education Department Monitoring Magnet School Grants

Scope of Audit

Annually, the State provides about \$135 million of magnet school grants for 19 of New York's 700 school districts (See Exhibit A). The 19 districts and the amount of funding each receives are established by the Legislature. The districts must use these funds in accordance with the legislation and direction provided by the State Education Department (Department). Since magnet grants started in 1983, about \$1.2 billion has been provided for this initiative by the Legislature.

New York's magnet school grants have had two goals as stated by the Department: (1) the reduction of racial isolation and segregation in elementary and secondary schools, and (2) the promotion of educational excellence. As a result of legislation enacted during the course of this audit, the goal of reducing racial isolation has been de-emphasized since this goal has been made an option. The amended law is very broad in the allowable uses for magnet school grants and also states that its provisions apply retroactively as well as prospectively.

Our audit included a survey questionnaire sent to all 19 school districts receiving magnet grants, and field visits to six participating school districts. Our audit preceded the new legislation and, therefore, used the criteria available from the Department prior to May 15, 2000.

Our audit addressed the following questions for the period July 1, 1997 through March 31, 2000, focusing on the monitoring provided in relation to the 1997-1998 and 1998-1999 school years:

- Has the implementation of magnet school grants been adequately monitored by the Department?
- Has the implementation of magnet school grants attained the goals for such funding?

Audit Observations and Conclusions

The Department's monitoring of magnet grants has not been sufficient. In particular, the Department has never examined whether magnet grants have affected the racial compositions of magnet schools. The Department has also failed to identify performance objectives and measurement approaches for magnet goals, properly document its review of magnet grant applications, or conduct school district field visits focusing on the proper administration of magnet grants. As a result, the Department had not adequately assessed the effectiveness of school district's implementation of magnet goals. In addition, the legislatively defined purposes for the grants

have not been clear, with the recently altered statute making the grant uses so broad as to almost be unrestricted in its nature.

Our audit found that, while some magnet schools dramatically reduced racial isolation, at other schools racial isolation remained about the same or actually worsened (See Exhibit B). Also, certain of the schools designated for magnet funds did not even have the level of racial variance that the Department required for magnet eligibility. In addition, the student selection methods that districts such as the Albany City School District and the Schenectady City School District followed may make it difficult to achieve racial balance at schools located in racially imbalanced neighborhoods in these cities. The New York City Board of Education assumed that having funds to support programs promoting educational excellence in particular schools would also lead to reduced racial isolation; the Department had not determined whether this was a valid assumption. Also, although the Board of Education is the largest recipient of magnet school grants, the Department did not have any records indicating review of the Board's application and related data. (See pp. 4-10)

Our audit also showed that magnet school grants were used to generally implement innovative programming that had been identified on grant applications. However, we were unable to assess the specific outcomes of such programming because of the lack of Department performance objectives and measurement methodologies. Our field visits determined that the Peekskill City School District was using magnet funds to purchase computers. However, these computers were not used in connection with a specific program to promote educational excellence as required for magnet grants. The District is using other means to address racial isolation issues. (See p. 8-9)

When we visited six selected school districts, we found that magnet expenditures and practices were not always consistent with Department guidelines. We recommended that the Department improve magnet school monitoring, strengthen understanding of the law and provide necessary guidance to districts about grant administration. We also recommend that the Department consider whether new and different initiatives are needed to address the persistence of racial isolation in public schools. (See pp. 10-11)

Comments of Department Officials

Department officials agree with all of our recommendations. They indicate that actions have been or will be taken to implement them.

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Introduction

Background

Elementary and secondary schools in New York State are overseen by the Board of Regents. The 16 Regents, who are elected to five-year terms by the State Legislature, are headed by a Chancellor. The Regents are served by the State Education Department (Department). The Department oversees local school boards, administers the State's education policies and programs, and monitors compliance with education laws and regulations. The Department also offers technical assistance to the teachers and administrators at local schools. The Department employs about 3,000 staff, of whom about 650 are involved in the oversight of elementary and secondary schools. The schools are directly administered by the local school boards in about 700 school districts throughout New York State.

The operations of New York's elementary and secondary schools are funded by property taxes levied by the local school boards and by State aid appropriated by the Legislature and administered by the Department. State aid, which totaled more than \$12.5 billion for the fiscal year ended March 31, 2000, is distributed to the school districts on the basis of complex formula incorporating numerous factors and on the basis of the districts' eligibility for various programs with specific educational objectives, such as programs that provide remedial services to students who need such services. In addition, the State funding provided to some districts may be augmented by individual grants that are appropriated by the Legislature and administered by the Department. These individual grants are appropriated for designated purposes (such as improving student scores on standardized tests of basic skills), and may also be appropriated for designated districts. The use of State funding is to be monitored by the Department to ensure that the funds are used in accordance with their authorized purposes.

In New York State, grants are appropriated annually by the Legislature for the operation of magnet schools in certain designated school districts. These districts are expected to use these grants in accordance with the direction provided by the Legislature and the Department. This approach, which began in 1983, was patterned after the Federal Magnet School Program, in which grants were authorized to support the magnet schools that had been created around the nation during the early 1970s. These magnet schools were created primarily in large urban districts to achieve school desegregation through voluntary means rather than through forced busing. The intent was to achieve desegregation voluntarily, because magnet schools use high quality subject matter and/or teaching methodologies not generally offered in existing neighborhood schools. As a result of these qualities, the magnet schools are intended to attract students of various racial backgrounds as the students' parents elect for their children

to attend the magnet schools, rather than their neighborhood schools which tend to be more segregated.

New York's magnet school funding has grown significantly since 1983 when it totaled \$7 million for eight school districts. As is shown in Exhibit A, in the 1999-2000 school year, a total of about \$135 million in grants was distributed to 19 school districts. Overall, a total of about \$1.2 billion in magnet school grants have been distributed in New York State to date. Before grant funds can be used by districts, the districts must develop budgets and spending plans for the funds, and the budgets and spending plans must be reviewed and approved by the Department as part of the application process for the grants.

Issues related to magnet school grants, in particular, the goal of reducing racial isolation in public schools, have been the recent subject of community organizations, the media and conferences of education experts. For example, magnet school grants were among several topics included in critical studies of the New York City Board of Education by the Association of Community Organizations for Reform Now (ACORN). According to one study, a claim that ACORN filed with the United States Department of Education, Office for Civil Rights resulted in a resolution agreement whereby the Board was to institute concrete measures opening access to information about schools and their programs.

Audit Scope, Objectives and Methodology

We audited the Department's monitoring of magnet school grants for the period July 1, 1997 through March 31, 2000, focusing on the 1997-1998 and 1998-1999 school years. The objectives of our performance audit were to determine whether the Department adequately monitored the grants and whether the grants attained stated goals. To accomplish our objectives, we interviewed Department and school district officials, and reviewed records maintained by the Department and selected districts. We developed and sent a questionnaire to all 19 school districts that received magnet grants and we selected a judgmental sample of six of the school districts to visit (the Albany City School District, the Peekskill City School District, the Schenectady City School District, the Syracuse City School District, City of Yonkers School District and the New York City School District). We selected these six school districts because these districts are representative of the range in size of districts receiving magnet grants. For four of the visited school districts, we also performed analysis to identify the extent to which the districts had attained magnet goals. We also judgmentally selected and reviewed magnet expenditures that appeared to be questionable from cost reports for school years 1997-1998 and 1998-1999.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations which are included in our audit scope. Further, these standards require that we understand the Department's internal control structure and its compliance with those laws, rules and regulations that are relevant to the operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based approach when selecting activities to be audited. This approach focuses our audit efforts on operations that have been identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, finite audit resources are used to identify where and how improvements can be made. Thus, little audit effort is devoted to reviewing operations that may be relatively efficient or effective. As a result, our audit reports are prepared on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

Response of Department Officials to Audit

A draft copy of this report was provided to Department officials for review and comment. Their comments have been considered in preparing this report and are included as Appendix B.

Within 90 days after the final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the State Education Department shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

Monitoring Magnet School Grants

Prior to May 15, 2000, New York State Education Law (Law) required that funds appropriated for magnet school grants be used for "developing, maintaining or expanding magnet programs." More specific magnet school goals were stated by the Department in its magnet school application form which each school district entitled to a magnet grant had to complete to receive grant funds. Historically, the application form stated that magnet school goals (or magnet programming) were to prevent and/or eliminate minority group isolation and segregation in elementary and secondary schools, and to promote educational excellence. However, on May 15, 2000, the Law was amended to broaden the authorized use of magnet school grants. The amendment stated that grants could be used for any instructional or instructional support costs associated with the operation of a magnet school; *or* any instructional or instructional support costs associated with the implementation of an alternative approach to reducing racial isolation and/or the enhancement of instructional programs and raising of standards in elementary and secondary schools of school districts having substantial concentrations of minority students. As a result, the amendments to the Law de-emphasized the Department's racial balancing goal, as according to the amendments, the grants may be used *either* to enhance instructional programs *or* to reduce racial isolation. In comparison, according to the direction previously provided by the Department in its magnet schools application form, the grants were to be used to reduce racial isolation *and* to promote educational excellence. Moreover, the amendments to the Law further state that the past use of the grant funds "shall be deemed to have been authorized."

We also note that, prior to the passage of the amendments to the Law, the Department had administratively de-emphasized the goal of racial balancing by changing its 1999-2000 school year application form to no longer mention the need to reduce racial isolation and segregation. In this regard, the revised form describes a magnet school as "a school or educational center that offers a special curriculum or teaching methodology capable of attracting substantial numbers of students of different racial/ethnic backgrounds." Our audit results are based upon the criteria of the Law in effect as of March 31, 2000. These results would not be obtained using the criteria of the May 15, 2000 amendment to the Law which was subsequent to the completion of our audit field work.

The \$1.2 billion of magnet school funding that has been appropriated and awarded over the past 17 years is not great in comparison to overall State aid to education over the same period. However, the magnet schools' goal

of reducing racial isolation is tremendously important and therefore, warrants comprehensive monitoring. Our audit finds that the Department's monitoring of magnet grant implementation is primarily limited to reviewing and following-up on grant applications and magnet school budget and expenditure reports. The Department does not perform comprehensive monitoring necessary to adequately assess the effectiveness of school districts' implementation of magnet grants. For example, the Department has not performed data analysis of the racial composition of school districts, nor has it identified performance objectives and performance measurement approaches for stated goals, properly documented its review of grant applications and conducted field visits with a focus on the proper administration of magnet school grants. As a result, best practices are less likely to be identified and shared, inappropriate practices are less likely to be identified and corrected, program accomplishments are less likely to be promoted and accountability is less likely to be provided for unmet goals. In fact, the Department did not have information available to account for the specific implementation outcomes of magnet grants in terms of the goals of reducing racial isolation and promoting educational excellence.

To assess whether and to what extent the implementation of magnet school grants has reduced racial isolation and promoted educational excellence, we analyzed Department data for four of the school districts that we visited. We found that magnet schools in these districts have achieved mixed results in reducing racial isolation. Some magnet schools dramatically reduced racial isolation, while at other schools racial isolation remained about the same or actually worsened.

We also found that magnet schools generally implemented the innovative magnet school programming that had been identified on their application forms and which was intended to promote educational excellence. However, because the Department had not established performance objectives and measurement approaches for monitoring the results of this programming, we were unable to identify and assess specific outcomes. In addition, we found that the Peekskill City School District never established magnet educational programming, although they did address the goal of reducing racial isolation through other means. The New York City Board of Education provided magnet funds to schools which had established innovative, educational programs. The Board assumed that by virtue of these programs, racial isolation would be reduced; an assumption not validated by the Department. Finally, we found some problems with the Department's application review process for magnet grants and we found some operational practices of certain magnet schools required attention.

During the course of our audit, we informed Department officials of our findings. Subsequent to the conclusion of our field work, Department officials advised us about the May 15, 2000 amendments to the Law which would generally negate many of the audit exceptions prospectively as well as retroactively. We acknowledge the impacts of the changes to the Law, but conclude that the general public as well as school district officials may not yet be clear on the broadened criteria for magnet schools as set out by the amendments to the Law and by the Department's revised application form.

We question whether the general public understands that magnet school grants can now be used for almost any educational purpose and that they no longer must be used to reduce racial isolation. School district officials that we contacted during the audit were of the understanding that the two original magnet school goals remained even though the Department had at that time already modified the 1999-2000 school year application form to de-emphasize the goal of reducing racial isolation. Therefore, the Department needs to ensure that new provisions for magnet schools are adequately communicated and explained to school district officials and the general public. In addition, with the de-emphasis on use of magnet school grants to reduce racial isolation in the State's public schools, the Department needs to consider whether new and different initiatives are needed to specifically address this matter going forward especially since our audit findings show that racial isolation persists even in magnet schools.

Reducing Racial Isolation

The Department's guidance to school districts was that students were to be selected for magnet schools in a way that maintained the "racial balance" of the school district. In other words, the racial composition of the student body in a magnet school was to be the same as the overall racial composition of the student population in the district. For example, if the racial composition of the student population in a district was 60 percent nonwhite and 40 percent white, then the racial composition of the student body in the district's magnet school was to be as close as possible to 60 percent nonwhite and 40 percent white. To further reduce racial segregation, Department guidelines required that no school be designated as a magnet school unless the racial composition of its student body was significantly imbalanced (i.e., unless it varied from the overall racial composition of the student population in the district by at least 20 percent) in the year prior to its designation as a magnet school.

In the 1998-1999 school year, the four districts for which we analyzed accomplishments operated a total of 55 magnet schools: Albany City School District (7), Schenectady City School District (3), Syracuse City

School District (8) and Yonkers City School District (37). (Yonkers City School District, which has been under court order to desegregate its schools since 1986, established magnet programming at all of its schools.) Using data that the Department routinely collects from school districts, we identified the extent to which these 55 schools achieved the goal of racial balance in the 1998-1999 school year, as well as the progress made toward racial balance by each of the schools since the schools were designated as magnet schools. (See Exhibit B). We conclude that the four districts we analyzed accomplished varying degrees of success in making their magnet schools racially balanced as follows:

- Schenectady City School District was generally successful in achieving racial balance in its magnet schools. The District was particularly successful in reducing the nonwhite variance of its Martin Luther King School from 24 percent to only .4 percent in the 1998-1999 school year.
- Yonkers City School District was particularly successful in reducing the nonwhite variances of its School Number 14 from 27.3 percent to only 4 percent, its Ralph Waldo Emerson Middle School from 9.1 percent to 1.1 percent and its Lincoln High School from 8.5 percent to .3 percent. Yonkers City School District had nonwhite variances of less than 5 percent in 12 other of its 37 magnet schools during the 1998-1999 school year. However, for this same year, six of Yonkers City School District's 37 magnet schools continued to have nonwhite variances in excess of 10 percent and nonwhite variances of two other schools had increased by 6 percent each to total 8.9 percent at one of the schools and 8 percent at the other.
- Albany City School District reduced nonwhite variances of three of its magnet schools by at least 8 percent, but 5 of its schools continued to have nonwhite variances in excess of 10 percent, including two with variances of more than 20 percent.
- Syracuse City School District was not generally successful at achieving racial balance in its magnet schools. While the District significantly reduced the nonwhite variance in one of its schools from 15.5 percent to 6 percent, the remaining seven schools either became more racially imbalanced or stayed about the same. Moreover, all seven of these schools had nonwhite variances in excess of 10 percent, including five with variances of more than 20 percent and two with variances of more than 30 percent.

We also found that only 10 of the 55 magnet schools in the four districts we analyzed met the racial variance threshold requirement when they became magnet schools (three in Albany City School District, one in Schenectady City School District, three in Syracuse City School District and three in Yonkers City School District). In fact, 31 of the 55 schools did not meet this requirement because these schools had a racial variance of less than 10 percent when these schools were designated as magnet. We noted that 27 of these 31 schools were located in Yonkers City School District, which designated all of its schools as magnet schools; only 4 of the 18 magnet schools in the other three districts had such a low racial variance when they were designated as magnet schools. If a school is already close to being racially balanced when it is made a magnet school, it may be easier for that school to achieve racial balance. Therefore, when evaluating the extent to which the goal of racial balance has been achieved in a district's magnet schools, it is important to note the balance of each school when it became a magnet school.

Generally, our field visits to school districts showed that the districts relied on their student selection processes to implement the goal of reducing racial isolation. For example, at the Syracuse City School District, while first preference for attending magnet schools is given to students who reside in the neighborhood of the magnet school (and to any siblings of these students), the remaining slots are filled on the basis of race. Similarly, in the Albany City School District, first preference is given to students who attend a Pre-Kindergarten magnet school, second preference is given to children who live in the neighborhood of the magnet school (for up to 20 percent of the available slots), third preference is given to siblings of children in the first two categories, and the remaining slots are filled on the basis of race. In contrast, the Peekskill City School District addressed the goal of reducing racial isolation by placing each grade of students for the entire school district in the same building. For example, one school contains all the district's first and second graders and another school contains all the District's third and fourth graders, etc. Since the Syracuse City School District and the Albany City School District give preferences to neighborhood children when students are selected for magnet schools, it may be difficult to achieve racial balance at schools located in racially imbalanced neighborhood in these cities.

We also note that the racial composition of a district's student population may change over time as families move in and out of districts, students graduate from high schools, and new students enter kindergarten. However, once a student enrolls in a magnet program, the student is generally allowed to complete it. Therefore, even if a magnet school is racially balanced at a certain point in time, it can become imbalanced as

a result of changes in the composition of the district's overall student population. Accordingly, data analysis and monitoring of the achievement of racial balancing needs to be ongoing.

We further found that, the New York City Board of Education (Board), which received far more magnet school funds than any other school district in the State (See Exhibit A), used magnet funds to support educational programs at various pre-existing specialized schools, such as the Education Options Schools. Board officials point out that this use of magnet school grant funds is consistent with the intent of magnet school grants, because the curricula and teaching methods at these specialized schools are similar to the high quality curricula and innovative teaching methods offered by magnet schools. The Board's assumption is that the high quality curricula and innovative teaching methods will be incentives to reduce racial isolation. However, the Department has not performed the monitoring and data analysis to validate this assumption.

Promoting Educational Excellence

When we examined the accomplishment of the goal of promoting educational excellence for four of the school districts that we visited, we found that the districts were implementing programs of educational excellence consistent with their applications. In addition, when we analyzed the Department's New York State Report Cards covering a number of years for third and sixth grade tests in reading and in math and the fifth grade test in writing, we found that the districts that we visited were generally successful at improving student academic performance. (The School Report Cards enable school communities to review key information about the academic performance in the school and serve as a foundation for school improvement.) However, in the absence of Department performance objectives and performance measurement approaches related to the magnet school goal of promoting educational excellence, we are unable to identify whether and how magnet school programming is influencing student academic improvement, or any other desired outcomes, apart from other initiatives that might be underway within a school district.

Our audit also showed that the Peekskill City School District had for six years in a row indicated that funding was to be used to develop a magnet school program. Our follow up identified that such program development was not, in fact, taking place. The District was using magnet school grants to purchase computers. A specific magnet school program for promoting educational excellence was not established.

Grant Applications and Administration

The Department is responsible for ensuring that school districts comply with Department guidelines for applying for and administering magnet grants. For example, school districts are required to submit to the Department a budget and spending plan in support of each year's grant funding. The districts are also required to report all grant expenditures to the Department for approval. Department officials review these items during the grant application process and ask follow up questions and/or perform site visits as warranted. In our review of the effectiveness of the Department's monitoring of grant applications and grant administration we observed the following:

- Documentation that Department staff reviewed the various items submitted by school districts as part of the grant application process was not maintained. For example, the Department did not have records indicating review of the New York City Board of Education's application and related data despite the significant funding provided in the New York City Board of Education's magnet school grant.
- Steps were not taken to verify that expenditures reported by districts were actually made and were in accordance with Department guidelines. During our field reviews, we noted that, while magnet grants are supposed to be directly related to instruction, the Albany City School District used grant funds for teacher conferences not related to magnet programming. In the Peekskill City School District and in the Schenectady City School District, grant funds were spent to purchase laptop computers used for activities unrelated to the magnet school programming.
- While Department officials maintain that every student in a district should have an equal opportunity to be selected for a magnet school, steps have not been taken to guide or monitor how this objective is met. During our field reviews, we noted that attaining this objective is not always ensured. As previously discussed, we found instances where magnet schools are not open to students who live outside the neighborhood of the schools.
- In the Syracuse City School District, a certain percentage of personal service cost for every teacher in the district's magnet schools is covered by magnet grants regardless of whether the teacher instructs in a magnet class. In contrast, the extent to which personal service costs for teachers in Yonkers City School District are covered by magnet grants depends on the teachers' experience or influence in the magnet programming. Department guidance on a proper allocation of teacher costs needs to be provided.

Recommendations

1. Communicate the effect of the magnet school amendments to the Law and the revisions in the grant application to school district officials and the general public.
2. Provide guidance on how school districts should conduct the magnet school student selection process where a programming goal exists for reducing racial isolation.
3. Consider whether the Department needs to identify new and different initiatives to reduce racial isolation in public schools.
4. Establish comprehensive monitoring capability including data analysis, school district field examinations, and program performance objectives and measurement approaches, as appropriate, for magnet grants as presently defined in the Law.
5. Thoroughly document the results of the review and approval of magnet grant applications and any related follow up with school districts.
6. Disallow reported school district magnet grant expenditures that are not consistent with the revised Law and Department guidance.
7. Provide guidance clarifying what teachers costs can be charged to magnet grants.

(Department officials agree with recommendation number 1 through recommendation number 7. They indicate that actions have been or will be taken to implement them. With respect to recommendation number 4, Department officials state that data analysis, field examinations, the state assessment system and the Schools Under Registration Review (SURR) processes are used to accomplish program performance objectives and measurement approaches for all schools.)

Recommendations (Continued)

Auditors' Comments: We acknowledge the Department's use of various approaches to measure and monitor the overall accomplishment of school districts. The intent of our recommendation number 4 is to have the Department develop specific program performance objectives for magnet school grants and to then periodically measure and monitor magnet grant outcomes.

**School Districts Receiving Magnet School Program Grants
1999-2000 School Year**

School District	Grant Amount
Albany City	\$ 2,050,000
Beacon	250,000
Buffalo	17,025,000
Freeport	400,000
Middletown	400,000
Mount Vernon	2,000,000
Newburgh	4,645,000
New Rochelle	1,200,000
New York City	48,175,000
Niagara Falls	600,000
Peekskill City	200,000
Port Chester	1,150,000
Poughkeepsie	1,875,000
Rochester City	11,000,000
Schenectady City	1,800,000
Syracuse City	11,000,000
Utica City	800,000
White Plains	900,000
Yonkers City	29,500,000
Total	\$134,970,000

Progress in Achieving Racial Balance
in the Magnet Schools of Four Selected School Districts
From the Creation of Each Magnet School Through the 1998-99 School Year

DISTRICT	MAGNET SCHOOL	Base Year Non-White Variance	School Year 1998-99 Non-White Variance	Amount of Progress (1)
ALBANY CITY SCHOOLS	ALBANY SCHOOL OF HUMANITIES	12.50%	15.06%	-2.56%
	ARBOR HILL ELEM SCHOOL *	30.90%	28.72%	2.18%
	GIFFEN MEMORIAL SCHOOL *	26.94%	23.69%	3.25%
	MONTESSORI MAGNET SCHOOL	3.00%	10.27%	-7.27%
	PHILIP LIVINGSTON MAGNET ACADEMY	16.00%	5.57%	10.43%
	SCHOOL 20 *	25.05%	16.98%	8.07%
	THOMAS S. O'BRIEN ACAD OF SCI & TECH	11.50%	2.64%	8.86%
SCHENECTADY CITY SCHOOLS	HOWE INTNTL MAGNET SCHOOL	8.16%	4.06%	4.10%
	MARTIN LUTHER KING SCHOOL *	24.02%	0.40%	23.62%
	YATES SCHOOL	2.13%	0.80%	1.33%
SYRACUSE CITY SCHOOLS	APPLIED SCI MAGNET AT M L K COMMUNITY SCH *	34.77%	39.10%	-4.33%
	CLARY MATH/SCIENCE MAGNET MIDDLE SCHOOL	15.51%	6.04%	9.47%
	DANFORTH MAGNET ELEM SCHOOL	15.36%	29.50%	-14.14%
	FRANKLIN MAGNET SCH - ARTS & MUSIC	15.00%	19.41%	-4.41%
	HUGHES ACADEMY MAGNET SCHOOL	6.09%	10.79%	-4.70%
	MCKINLEY-BRIGHTON MAGNET ELEM SCHOOL	14.78%	33.62%	-18.84%
	PORTER SCHOOL OF TECH & CAREER EXP *	21.16%	20.54%	0.62%
	SEYMOUR MAGNET SCHOOL - INTNTL HUMA *	23.91%	29.92%	-6.01%
	BURROUGHS MIDDLE SCHOOL	0.50%	2.68%	-2.18%
	CASIMIR PULASKI EARLY CHLDHD SCHOOL	5.90%	5.90%	(2)
YONKERS CITY SCHOOLS	EARLY CHLDHD CENTER	9.80%	12.41%	-2.61%
	ENRICO FERMI SCHOOL - PERF ARTS *	24.68%	8.99%	15.69%
	EUGENIO MARIA DE HOSTOS MICROSOCIET	12.24%	14.70%	-2.46%
	FOX FIRE SCHOOL	4.71%	7.75%	-3.04%
	GORTON HIGH SCHOOL	10.59%	4.52%	6.07%
	KAHLIL GIBRAN EARLY CHLDHD SCHOOL	6.30%	6.30%	(2)
	LINCOLN HIGH SCHOOL	8.52%	0.35%	8.17%
	M L K JR. HIGH TECH & COMPUTER MAGNET SCH *	30.21%	13.38%	16.84%
	MARK TWAIN MIDDLE SCHOOL	0.62%	4.30%	-3.68%
	MONTESSORI HUMANITIES & CREATIVE AR	10.16%	9.12%	1.04%
	MONTESSORI SCHOOL 31	8.46%	15.06%	-6.60%
	MUSEUM MIDDLE SCHOOL	8.72%	5.35%	3.37%
	MUSEUM SCH OF ARTS & SCI AT SCH 25	11.39%	8.29%	3.10%
	P. A. DICHIARO EARLY CHLDHD SCHOOL	5.52%	5.52%	(2)
	PAIDEIA PROG AT SCHOOL 24	1.71%	3.86%	-2.15%
	PAIDEIA SCHOOL 15	6.24%	6.24%	(2)
	PEARLS HAWTHORNE SCHOOL	13.80%	8.80%	5.00%
	RALPH WALDO EMERSON MIDDLE SCHOOL	9.15%	1.09%	8.07%
	ROBERT C. DODSON SCHOOL	3.89%	8.74%	-4.85%
	ROOSEVELT HIGH SCHOOL	5.41%	2.31%	3.11%
	SAUNDERS TRADES & TECH HIGH SCHOOL	13.61%	14.96%	-1.35%
	SCHOLASTIC ACAD FOR ACAD EXCELLENCE	5.73%	2.98%	2.75%
	SCHOOL 5	5.24%	4.60%	0.64%
	SCHOOL 9	10.70%	9.72%	0.98%
	SCHOOL 11-MONTESSORI SCHOOL	2.81%	8.93%	-6.12%
	SCHOOL 13	1.60%	8.03%	-6.42%
	SCHOOL 14 *	27.32%	4.02%	23.30%
	SCHOOL 16	0.94%	0.95%	-0.01%
	SCHOOL 17	3.03%	4.47%	-1.44%
	SCHOOL 21	2.58%	0.42%	2.16%
	SCHOOL 22	9.11%	16.55%	-7.44%
	SCHOOL 23	4.61%	3.56%	1.05%
	SCHOOL 29	9.99%	8.43%	1.56%
	SCHOOL 30	7.27%	7.36%	-0.09%
	SCHOOL 32 - FAMILY SCHOOL	0.46%	2.77%	-2.31%

Notes to Exhibit B

1. For example, if 50 percent of the district's students were non-white in the base year (which is the school year immediately before the magnet school was created) and 60 percent of the school's students were non-white in the same year, then the school is at a variance of 10 percent in the base year (see chart: Base Year Non-White Variance).

If 50 percent of the district's students are non-white in 1998-99 and 52 percent of the school's students are non-white in the same year, then the school is at a variance of 2 percent (see chart: School Year 1998-99 Non-White Variance).

The school's variance from the district level has gone from 10 percent to 2 percent, a reduction of 8 percent, representing the "Amount of Progress" toward racial balance. A negative number in the "Amount of Progress" column represents an increase in the variance.

2. This school did not become a magnet school until the 1998-99 school year.

* This school met the State Education Department's criteria for becoming a magnet school, because it had a racial variance of at least 20 percent in its base year.

Major Contributors to This Report

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October 25, 2000

Mr. Jerry Barber
Audit Director
Office of the State Comptroller
A.E. Smith State Office Building
Albany, New York 12236

Dear Mr. Barber:

I am responding to the recommendations included in the draft audit report (99-S-39) resulting from your audit on the State Education Department's (SED) monitoring of magnet school grants.

1. *Communicate the effect of the magnet school amendments to the Law and the revisions in the grant application to school district officials and the general public.*

We agree with the recommendation. The 2000-2001 application for the New York State (NYS) Magnet School Program clearly communicates the purposes (allowable uses) for magnet school grants as defined by the new legislation. The State Education Department's Catalog of State and Federally Funded Programs which contains a description of the NYS Magnet School Program will be amended to reflect the new legislation.

2. *Provide guidance on how school districts should conduct the magnet school student selection process where a programming goal exists for reducing racial isolation.*

We agree with the recommendation. Where a programming goal exists for reducing racial isolation, the Department will provide guidance to the school district on where to obtain information on best practices in student selection for magnet schools.

3. *Consider whether the Department needs to identify new and different initiatives to reduce racial isolation in public schools.*

We agree with the recommendation. The Department has considered what initiatives are needed to overcome the impact of racial, linguistic or cultural isolation on student achievement. The Department has developed a Strategic Plan with action steps to achieve the Regents Goal #1 that "All students will meet high standards for academic performance and personal behavior and demonstrate the knowledge and skills required by a dynamic world." To the degree that racial or demographic isolation inhibits the Department's efforts

to ensure high achievement for all, it will be addressed in the development of key strategies to achieve this goal.

4. *Establish comprehensive monitoring capability including data analysis, school district field examinations, and program performance objectives and measurement approaches, as appropriate, for magnet grants as presently defined in the Law.*

We agree with the recommendation. The Department uses data analysis, school district site visits, the state assessment system, school report cards and the Schools Under Registration Review (SURR) process to accomplish program performance objectives and measurement approaches for all schools.

5. *Thoroughly document the results of the review and approval of magnet grant applications and any related follow up with school districts.*

We agree with the recommendation. A checklist containing the criteria for review of magnet school program applications has been prepared and will be used during the grant application review process.

6. *Disallow reported school district magnet grant expenditures that are not consistent with the revised Law and Department guidance.*

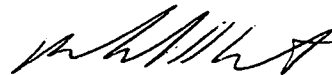
We agree with the recommendation. The Department will disallow magnet grant expenditures not consistent with the revised legislation and Department guidance.

7. *Provide guidance clarifying what teacher costs can be charged to magnet grants.*

We agree with the recommendation. The 2000-2001 application for the NYS Magnet Schools Program states "All expenditures must be directly related to the purposes listed above (any instructional or instructional support costs) and clearly identified for each program/building."

If you need additional information, please have your staff contact Rebecca Gardner at (518) 486-6090.

Sincerely,



Richard H. Cate

cc: Rebecca Gardner



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